

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 938 - SB 1131

April 14, 2015

SUMMARY OF BILL: Requires land acquired by a public or private utility to be within the utility's service district.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures – Exceeds \$3,000*

Assumptions:

- This bill is not relevant to state government operations.
- Based on information from the Tennessee Association of Utility Districts (TAUD), local governments that run utilities will see an increase in project costs, and thus local government expenditures, when cases occur in which projects cannot be completed as planned because the utility cannot gain an easement or is not able to purchase the relevant property for the project.
- Due to unknown factors such as the number of cases when the above situation will occur and the extent to which a public utility provider will have to reroute lines to stay within the utility district, estimating the fiscal impact to local government is difficult.
- However, and based on the information provided by TAUD, it is reasonably presumed that at least one public local utility in Tennessee will encounter a situation as described above annually; therefore, the mandatory and recurring increase in local expenditures is reasonably estimated to exceed \$3,000.

IMPACT TO COMMERCE:

Other Commercial Impact - To the extent that private utilities cannot obtain property rights or easements to complete necessary projects, there will be an increase in business expenditures of an unknown amount. Such increased expenses are anticipated to be passed onto end use customers, thus generating an offsetting increase in business revenue.

Assumption:

- Private utilities subject to this bill will pass any additional costs onto end use customers, including other businesses. Thus, a recurring increase in business expenditures and an offsetting and recurring increase in business revenue.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, appearing to read "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly distinguishable.

Jeffrey L. Spalding, Executive Director

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